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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Amendment to the Commission's	)	IB Docket No. 95-41
Regulatory Policies Governing	)	
Domestic Fixed Satellites and	)	
Separate International Satellite	)	
Systems	)	

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COMMENTS OF TRANSWORLD COMMUNICATIONS (U.S.A.), INC.

Transworld Communications (U.S.A.), Inc. ("Transworld") submits these comments generally in support of the Commission's proposals in its Notice of Proposed Rulemaking, released April 25, 1995 ("NPRM"). Transworld agrees with the objectives of the NPRM to: (1) "remove artificial service limitations" on satellite systems (NPRM, ¶ 20); (2) "increase competition in fixed-satellite services by increasing the amount of satellite capacity available for both domestic and international use" (NPRM, ¶ 1); and (3) "eliminate regulations that impair businesses' ability to meet their customers' needs" (NPRM, ¶ 1). The NPRM, at ¶ 39, invites comments regarding "non-U.S. satellites." Accordingly, Transworld will demonstrate in these comments that the objectives of the NPRM will be served by the extension of the FCC's procompetitive proposals to include the Russian commercial satellites approved now or hereafter by the FCC for usage by U.S. carriers, as well as the U.S. Separate Systems.[1/]

1/ The FCC refers to non-Intelsat systems as "Separate Systems." There are two categories of Separate Systems involved in this proceeding: (1) domestic satellites authorized for domestic and transborder services; and (2) international satellites authorized for international services only. The NPRM proposes to combine these two categories under a single, simplified regulatory regime.

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I. TRANSWORLD'S INTEREST IN THIS PROCEEDING

Transworld is a certified international carrier with authority to provide switched and private line, including audio and video, services via Intelsat and various Separate Systems. Transworld pioneered FCC authorization for the Russian Loutch Western Space Data Relay Network ("WSDRN") satellite for Russia-U.S. service [Transworld, 7 FCC Rcd 8013 (1992)]; and Transworld has Special Temporary Authority ("STA") for service to the U.S. from all locations within the WSDRN footprint (SRO-0053, April 4, 1995). Additionally, Transworld has a STA for U.S.-Russia service via the Russian Statsionar 4 satellite (94-SAT-STA-95).

Transworld believes that its STAs would be made permanent and their scope would be enlarged as to satellite capacity and geographical coverage as a result of the inclusion of the Russian satellites within the NPRM's procompetitive proposals and their adoption by the Commission. For example, Transworld's capacity-limited STA for Statsionar 4 could be enlarged within the 8,000 PSN-interconnected circuit level proposed for adoption in the NPRM at ¶¶ 19, 23. The capacity restraints within the existing 1,250 circuit level has led to the long pending and still unresolved FCC Intersputnik Reallocation Proceeding, File No. ISP-94-004, DA-290, November 28, 1994. Adoption of the 8,000 circuit level per satellite would enable the Commission to grant pending Statsionar 4 applications by Transworld and other U.S. carriers.

The Commission should "remove artificial service limitations" (NPRM, ¶ 20) on the Russian satellites as well as on U.S. Separate Systems in order to achieve the NPRM's objectives, as quoted at the outset of these comments. The procompetitive results of including the Russian satellites within the coverage of the NPRM's proposals would enable Transworld to market its

services via WSDRN and Statsionar 4, unhampered by the market-chilling effect of the need to seek and renew STAs. The public will benefit from this additional competition.

II. U.S. CARRIERS' USAGE OF RUSSIAN SATELLITES SHOULD BE SUBJECT TO REGULATION COMPARABLE TO U.S. SEPARATE SYSTEMS

A. Russian Satellites Serve U.S. Carriers Pursuant To FCC Authorizations

The Commission periodically publishes lists of Separate Systems that are eligible for service to U.S. carriers, subject to FCC authorizations to such carriers. For example, the FCC Public Notice Report No. IS-0050, Mimeo 50359, October 25, 1994, contains an Attachment 4 listing the following eligible Russian satellites:

STATSIONAR 4	STATSIONAR 11	GEIZER
STATSIONAR 10	STATSIONAR 26	WSDRN

There are seven attachments in total listing U.S. and foreign Separate Systems without any indications that different regulatory treatment applies to U.S., as distinguished from Russian international Separate Systems. To the contrary, the Executive Branch has instructed the FCC to apply the same regulatory treatment to the Russian satellites as it applies to U.S. Separate Systems. Letter from State Department to FCC, dated May 14, 1990, cited in Intersputnik Reallocation Proceeding, supra, at fn. 5.

B. U.S. Carriers Should Have Access To Both U.S. And Foreign Separate Systems

U.S. carriers, including Transworld, should have access to the best available transmission facilities with due regard to operational efficiencies and economies for the benefit of the public.

In certain instances, the Russian satellites are best for satellite news gathering services. WSDRN has unique Ku-band steerable antennae that can provide spot beams for point-to-point, single-hop satellite transmissions from foreign locations to the U.S. Transworld is not aware of any similar feature in other international Ku-band satellites. Absent WSDRN, complex, multiple satellite, multiple hop arrangements would be necessary. Such complex arrangements are often impossible to implement because of lack of available coordinated multiple satellite capacity from different satellite system operators. Moreover, the signal degradation resulting from multiple-hop transmissions, even if they are available, often results in less than broadcast quality programming. Thus, the U.S. public could be deprived of live coverage of newsworthy events, absent WSDRN.

In certain instances the Russian satellites are best for switched telephone service. At times there are shortages of Intelsat capacity between eastern European countries and the U.S. Additionally, certain countries may have only Statsionar 4 compatible earth stations available to serve individual population centers.

The Commission does not limit U.S. carriers to U.S.-owned international facilities. The nationality of the facility ownership is irrelevant. Indeed, the predominant international satellite system -- Intelsat -- is approximately 75 percent foreign owned. Undersea cables are usually owned by a consortium of U.S. and foreign carriers. The Commission routinely authorizes U.S. carriers to obtain capacity in foreign wholly-owned facilities, both terrestrial and spatial, to extend service to international points.

The inclusion of the above-listed Russian satellites within the procompetitive NPRM proposals will not implicate Section 310's foreign ownership limitations because the FCC will be

licensing U.S. carriers' usage of the Russian satellites -- not the Russian satellites themselves. Moreover, there is no public or FCC policy disfavoring foreign ownership interests in transmission facilities, even FCC-licensed satellite systems.[2/] Indeed, Section 310(b)'s foreign ownership limitations applicable to common carrier radio licenses might not even apply to FCC-icensed Separate Satellite systems which elect to operate on a non-common carrier basis as contemplated by the NPRM at ¶¶ 25, 33.

C. Unrestricted Access To Russian Satellites By U.S. Carriers Would Be Consistent With National Policy Objectives

The Executive Branch supports U.S. usage of the Russian commercial satellites. On September 2, 1994, the State Department wrote to the FCC that "there are no fundamental foreign policy reasons which would lead the Russian Federation or the United States to deny use of each other's satellite systems for commercial uses." Letter from Michael Fitch to Kathleen Wallman. On September 20, 1994, NTIA wrote to Transworld as follows:

> "We note that the [Transworld] applications are for commercial use of three existing Russian satellites and that such use could significantly increase the communications capacity between Russia and other parts of the World. We recognize that the commercial use of these satellites and the anticipated revenues are important to the continued operation of them by the Russians for humanitarian and scientific purposes. We understand that the proposed use could encourage further conversion of former Soviet military technology to commercial use, help it rebuild its economic infrastructure and foster further technological and scientific cooperation with Russia." (This NTIA letter is on file with the FCC in File No. 952-DSE-P/L-95).

2/ STARSYS Global Positioning, Inc., File No. 16-DSS-MISC-94, DA 95-1205, June 1, 1995 (interpretation of Section 310(a)'s limitation on licensing of any foreign government).

The usage of all available, efficient satellite transmission facilities, including the Russian satellites, is essential for a successful Global Information Infrastructure ("GII"). Vice President Gore's advocacy of the GII was quoted by Chairman Hundt during his Congressional testimony:

> "Satellites are a critical part of the information highways that, in the words of Vice-President Gore, 'will allow us to share information, to connect, and to communicate as a global community. From these connections we will derive robust and sustainable economic progress, strong democracies, better solutions to global and local environmental challenges, improved healthcare, and - ultimately - a greater sense of shared stewardship of our small planet.' I believe that these connections will be fostered through a competitive and innovate satellite telecommunications industry, with the U.S. continuing to play a leading role." (Testimony of Chairman Hundt before the House Subcommittee on Telecommunications on the Global Information Infrastructure and the Role of Satellites, July 28, 1994.)

These lofty national objectives, as articulated by the Vice President and the FCC Chairman will be served by the adoption of the NPRM's forward-looking proposals, including their application to Russian satellites. The inclusion of Russian satellites will further the NPRM's objectives of:

> "Permitting all operators to provide the widest range of service offerings technically feasible and consulted by Intelsat will permit them to use their satellites more efficiently and to provide innovative and customer-tailored services. This should, in turn, benefit consumers by increasing service options, lowering prices, and facilitating the creation of a global information infrastructure. It will also help to avoid shortages of space segment capacity in the event of a launch failure or other catastrophic event." NPRM, ¶ 21.

D. Implementation of NPRM With Respect To Russian Satellites

International Services To And From the U.S. The Russian satellites, listed on page 3 above, should be treated exactly as the U.S. international Separate Systems from the regulatory standpoint.

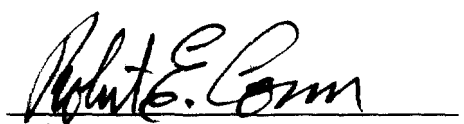
Intra-U.S. Services. U.S. Separate Systems should be able to hold their own in the competitive domestic marketplace. Therefore, they need no regulatory protectionism, such as restrictions upon the usage of Russian satellites within the U.S. However, since domestic services have been deregulated, the Commission may wish to impose some reporting requirements on U.S. carriers who use foreign-owned satellites for intra-U.S. services so that the FCC can be informed of such usage. Transworld would expect to use WSDRN and Statsionar 4 primarily for international services, with only ancillary usage within the U.S. For example, Transworld might wish to transmit raw video news feeds from one of its U.S. WSDRN earth stations to another such station near to its video customer's processing center and then retransmit the processed tape back to the first earth station for delivery to a nearby broadcasting station for dissemination to the viewers. The Commission has experience and precedent regarding the usage of Separate Systems on "an ancillary basis," as illustrated in footnote 20 of the NPRM. If the Commission were more comfortable initially in applying the "ancillary" criterion to intra-U.S. usage of Russian satellites, that approach could be adopted.

Earth Station Licensing. The NPRM proposes to retain the "ALSAT" designation to include all satellites rather than require the licensee to request an amended authorization each time an additional satellite connection is added. NPRM, ¶ 36. This forward-looking proposal would eliminate the unnecessary paperwork burden upon the FCC Staff and the carriers, as both domestic and international Separate Systems are consolidated under a simplified regulatory regime. Likewise, earth station licensees should be permitted to add Russian satellites to their portfolio of satellite connections without the need for unnecessary regulatory paperwork.

III. CONCLUSION

The Commission is respectfully requested to adopt its procompetitive proposals for fixed-satellite services, but most importantly, to include within the scope of these proposals the Russian commercial satellites approved now or hereafter by the FCC for usage by U.S. carriers.

Respectfully submitted,



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June 8, 1995

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